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RUEHBJ/AMEMBASSY BEIJING 0537  
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C O N F I D E N T I A L BERN 001910

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TREASURY FOR U/S LEVEY, A/S O'BRIEN, AND OFAC

E.O. 12958: DECL: 10/11/2016  
TAGS: [KNNP](#) [PREL](#) [PARM](#) [SZ](#)  
SUBJECT: SWISS REACTION TO NORTH KOREAN NUCLEAR TEST  
ANNOUNCEMENT

REF: A. SECSTATE 169418  
[1](#)B. SECSTATE 166404  
[1](#)C. BERN 1876

Classified By: DCM Carol Urban, Reasons 1.4 b/d

1.(C) Summary: Switzerland condemned North Korea's announced nuclear test and is committed to full implementation of binding sanctions by the UN Security Council. Swiss officials were non-committal on what measures they might take if UNSC sanctions are ineffectual, but underscored that Swiss banks were already self-limiting their engagement and the export control office had implemented a "no go" on technology exports to the DPRK. The Swiss reiterated their strong recommendation that the U.S. Treasury Department revive the international sanctions implementation experts group that last met in 2001 (REF C), in order to ensure that any UNSC sanctions imposed would be consistently applied. End summary.

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Swiss Public Statement  
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2.(U) The Swiss Federal Department of Foreign Affairs (DFA) released a statement on October 9 condemning the nuclear test announced by North Korea. The statement said the test "threatens the security of the region and could lead to a regional arms race." Switzerland, the statement added, "is actively committed to non-proliferation and complete elimination of nuclear weapons." The DFA expressed its support for the six-party talks and vowed that "Switzerland will cooperate with any decision by the UN Security Council to impose binding sanctions against North Korea."

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Urging a Proactive Stance  
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3.(C) DCM and Poloff met with Swiss DFA Co-Deputy Political Director Heidi Tagliavini and Asia Director Pierre Comberous to encourage common action on North Korea, per REF A. Noting the recent visit of Treasury Under Secretary Stuart Levey, the DCM urged Switzerland to identify its own ways to target North Korean entities engaged in proliferation, including through restrictions on financial transactions. Since it was not at all certain that China and Russia would permit a

decisive Chapter VII UNSC resolution to enforce binding sanctions on the DPRK, like-minded nations in Europe, North America, and the Pacific Region needed to consider options for joint action. Poloff handed over the Japanese and Australian lists of designated DPRK entities (following earlier transmittal of the USG list).

4.(C) Having just arrived in her position, Tagliavini deferred to Combernous for a substantive reply. Combernous said he had recently told North Korean Ambassador Il-Chol that a nuclear test would worsen - not enhance - North Korean security. Now, Switzerland was very anxious to see what would come out of the UN Security Council. On the issue of sanctions beyond those mandated by the UN, Combernous told Emboffs that Switzerland was not in the practice of making their own designations. He agreed that action by the EU on designating entities would encourage the Swiss to follow suit. Combernous asserted there would be little practical difference whether the Swiss designated or not, since "Swiss banks had already taken steps" and exports were minimal.

5.(C) Addressing the broader region, Tagliavini and Combernous described the situation as volatile. Japanese Prime Minister Abe must have been "peevied" at the test occurring during his visit to Seoul. While China was embarrassed by Pyongyang's provocation, Combernous imagined that there was some "schadenfreude" in Beijing about the problem facing the United States. Tagliavini observed that Russia and China were playing both sides and would be mindful that what they agreed to now could impact future actions on Iran. Combernous added that Pyongyang seemed to have used its only strong card, which may have been a miscalculation. Looking toward the upcoming Nuclear Suppliers Group meeting in Vienna, Combernous said that he was curious how the USG

would raise its India Civil Nuclear Cooperation initiative, in light of North Korea's action.

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Reviving the Sanctions Implementation Experts Group  
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6.(C) In parallel conversations with Swiss Secretariat of Economic Affairs (SECO) export control officials, Poloff also urged them to use Switzerland's prominence in the financial and high-technology sectors to help pressure Pyongyang. Export Control chief Othmar Wyss reiterated that SECO had the word out to Swiss manufacturers that technology exports to North Korea were a "no go." Bilateral trade was only an annual \$7 million in any case, much of this humanitarian assistance, agriculture products, and some consumer items (like watches). Wyss said that the Swiss entities designated by the USG -- Kohas, AG, and its partial owner Jakob Steiger -- had informed SECO that Kohas would close down operations in the near term.

7.(C) Wyss asked whether a new round of UNSC sanctions might finally prompt the Treasury Department's Office of Foreign Asset Control (OFAC) to schedule a meeting of technical experts charged with implementing sanctions. Wyss repeated his frequent complaint that the Swiss had hosted the last such meeting in November 2001 and that OFAC had agreed to host the next meeting, which never happened. Wyss' deputy Roland Vock underscored that coordination on implementation would be vital for the success of any new sanctions, since countries otherwise were free to fashion their own interpretation on what was and was not to be denied. Poloff noted that this message had been conveyed recently to Treasury U/S Stuart Levey, Treasury A/S Patrick O'Brien, and State A/S Dan Fried, and that the Embassy would continue to follow up.

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Comment  
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8.(C) Switzerland will certainly implement UN Security Council sanctions on North Korea, but will require steady

prodding to enact measures that go beyond this. Even though bilateral trade is minimal and Swiss firms and banks seem to have distanced themselves from Pyongyang, official Swiss endorsement of our counter-proliferation measures is important, particularly in conjunction with any potential EU action. The Swiss proposal to revive the international sanctions implementation experts group seems very useful; Embassy encourages Treasury OFAC to consider hosting a meeting in the near future.

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